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SUBJECT: MEDIA REACTION FOR MARCH 21-22, 2006: U.S. REMOVAL
OF AIR ASSETS FROM NAVAL AIR STATION KEFLAVIK

1. Summary: March 21 press coverage of the U.S. decision to remove most assets from the base at Keflavik was punctuated by PM Asgrimsson's statement that the U.S. decision had created a "climate of distrust between the two countries." Coverage also focused on NATO SECGEN Scheffer's comments that NATO had an obligation to help ensure Iceland's future defense arrangements. The media speculated that the U.S. had already decided to pull out of Keflavik when it invited the Icelandic side to negotiations in February because the base had been zeroed out in the Administration's FY'07 budget proposal. End Summary.

PM Says U.S. Action Has Created "Climate of Distrust"

2. Summary of report in March 21 news daily "Morgunbladid" and March 20 Morgunbladid website report:

Almost three hundred Keflavik region residents attended a meeting Monday evening where PM Asgrimsson spoke about the withdrawal of U.S. from the base at Keflavik. The PM said there were three tasks ahead following the US decision: negotiations with the U.S. on Iceland's future defense, Iceland needing to assume responsibility for additional operations at Keflavik Airport, and addressing the general employment situation in the region.

Asgrimsson said President Bush had conveyed a firm intention to meet U.S. obligations under the bilateral defense agreement and the NATO pact, and that it now remained to be seen whether Iceland could rely on that U.S. commitment. "It is obvious that a climate of distrust has been created between the two countries, given the way in which these issues have been handled over the last few days, and it remains to be seen whether it will be possible to reestablish trust between Iceland and the United States with NATO assistance", Asgrimsson said, adding that some have suggested that the defense agreement should now be cancelled.

Asgrimsson said that U.S. proposals for a replacement defense arrangement have not been forthcoming. "We have never refused changes, but have so far not received any proposals as to what exactly should replace the existing capabilities."

Concerning his recent phone conversation with NATO SECGEN Jaap de Hoop Scheffer, Asgrimsson said Scheffer had told President Bush in their Washington meeting on Monday that this was not only an issue for Iceland but also for the 26 NATO nations including the United States.

Asgrimsson quoted Scheffer as saying "NATO has obligations to Iceland and Iceland has responsibilities to NATO. Thus

the Iceland-U.S. Defense agreement is a part of the defense readiness of the whole Alliance." President Bush told him that the issue had been decided, and called it modernization of the defense of Iceland, and that the U.S. would soon present its proposals as to how to achieve that.

The PM said he and Scheffer had agreed it is necessary to wait and see what the U.S. proposals will contain, and to subsequently review those ideas within NATO.

"In an earlier conversation he (Scheffer) said to me that he intended to visit Iceland in the fall, but I emphasized that I thought that an earlier visit is required for consultations on the issue. He promised to come as soon as possible," Asgrimsson said.

Justice Minister's Comments at Political Science Conference

13. Summary of Report in March 21 news daily "Morgunbladid":

Speaking at a conference of the Association of Political Scientists, Justice Minister Bjorn Bjarnason said things must be arranged in such a way that attacking Iceland would not be something anyone would attempt without very careful preparation, knowing that they would meet resistance and that the country would not be easy prey. Continuing, he said that from the government's perspective, the most important task is to fill the gap that will be left with the departure of the helicopters. They were the visible symbol of national defense and the aspect of operations at Keflavik Airport that affected Icelanders most. At the same time, Bjarnason said it was not unexpected that the squadron was leaving, as the Icelandic Government had proposed that Iceland should take over these operations.

Bjarnason said the U.S. decision had not only provoked discussion of Iceland's situation with respect to security and defense, but it also concerns neighboring countries on the eastern side of the Atlantic. He said that in his opinion there should be an agreement with Denmark on rescue missions and security in the North Atlantic, adding that the United Kingdom and Norway would also be considering how security could best be guaranteed in the region.

Editorial Criticizes Characterization of Base Pull-out as Modernizing Defenses; Emphasizes SECGEN Open to NATO Role

14. Summary of Op-Ed in March 21 news daily "Morgunbladid":

The Americans will simply make fools of themselves if they continue using the phrase "modernize the defenses," while at the same time saying they will leave only insignificant manpower and equipment in Iceland. They have not answered the question as to how they will defend Icelandic airspace, protection which all Nato countries believe they require. Would people in cities and towns in the U.S. consider it modernizing their defenses if doing so meant they had no air defense?

It is of course positive that the NATO Secretary General acknowledged Iceland's point of view on this whole issue and spoke clearly about NATO's responsibility. It naturally strengthens the hope that it will be possible to find a solution to Iceland's defense needs in cooperation with the alliance as a whole, if negotiations with the U.S. prove unsuccessful.

All News Channel Focuses on Base Being Zeroed out in Budget

15. Summary of NFS TV Evening News Story, March 20:

It was clear in February that the Keflavik base would be closed since the U.S. Government decided not to fund any operations at the base after October 1st of this year. Sources say that this was known as early as the beginning of

February and this was the reason why Iceland-U.S. defense talks were initiated that month. President Bush submitted his budget for FY07 to Congress on February 6 and the Administration's budget proposal included not a single dollar for the Keflavik base. Simply put, this means that if funding is to be procured for any operation at Keflavik after 1 October, those funds must either be taken from other programs or additional funding sought from Congress. A U.S. Department of Defense spokesman told NFS News that such a supplementary budget request was highly unlikely.

NFS sources say that Foreign Minister Haarde's meeting with Secretary of State Condoleezza Rice on February 2, and the

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follow-on security talks between U.S. and Icelandic delegations, were the result of the fact that funding for Keflavik was eliminated from the President's budget. The U.S. wanted to make a last attempt to see how much Iceland was willing to contribute to maintain the base. The proposal was not adequate and thus the resulting announcement of the base's closure. But a few days after the talks, when the budget was submitted, it should have been clear to the Icelandic authorities that they had already lost the fight and the base would close before October 1.

French Offer Shoulder, Possibly Commerce

[16](#). Summary of article in March 22 "Morgunbladid":

French Foreign Minister Philippe Douste-Blazy told Haarde in Paris 21 March that France was "concerned" about the situation in the North Atlantic. Haarde told the press, "France is not indifferent to the situation here in the North Atlantic, and it is also concerned as a member of NATO... our intention is to wait and see what the United States proposes... and then we will discuss the issue with the other NATO countries in circumstances require... the French do produce all kinds of equipment for rescue operations, and it is no secret that they are interested in selling it... we do already have French helicopters for the Coast Guard."

Van Voorst